

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4509

November 19, 2004

R E S O L U T I O N

**(RES. W-4509), LAKE ALPINE WATER COMPANY (LAWC).
ORDER AUTHORIZING A ONE-TIME SURCHARGE TO
RECOVER AN INCREASE IN WATER TESTING COSTS AND
DEPARTMENT OF HEALTH SERVICES FEES PRODUCING AN
INCREASE IN ANNUAL REVENUE OF \$1,628 OR 0.55%.**

SUMMARY

By Advice Letter No. 67, filed on June 18, 2004, LAWC seeks to add a one-time surcharge to its tariff Schedule No. 1A, Annual Metered Service, and Schedule No. 2AR, Annual Residential Flat Rate Service, resulting in an increase in annual revenues of \$1,628 or 0.55%. This increase is to recover water testing costs and Department of Health Services (DHS) Fees incurred from July 2003 through June 30, 2004, over and above the amount allowed in the last general rate case. LAWC's present rates became effective on April 7, 2004, pursuant to Decision No. 92-03-093, which authorized a Consumer Price Index (CPI) offset. The last general rate case increase became effective July 19, 1999, pursuant to Resolution (Res.) No. W-4157. This rate increase will not result in a rate of return greater than that authorized by Res. No. W-4157 since LAWC presently is operating at a 13.23% rate of return.

BACKGROUND

LAWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to recover \$1,628 in water testing costs and DHS fees. LAWC serves approximately 460 flat and metered customers mainly in Lake Alpine, Alpine County, California. Staff reviewed all invoices for the water testing costs and the DHS fees. LAWC's Earnings Test for the calendar year 2003 shows a 13.23% rate of return, which is less than 13.25%, the rate of return last authorized in 1999 by Res. W-4157, and that the company is not over earning on an actual basis.

DISCUSSION

Res. No. W-4327, dated March 6, 2002, authorized all Class B, C, and D Water Utilities to establish water quality memorandum accounts (WQMA) for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs, and office of drinking water user fee memorandum accounts (UFMA) to track California DHS user fees not presently included in rates. Class B, C and D Water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order No. 96-A. WQMA recovery requires a resolution, while UFMA recovery does not. Since this advice letter requests recovery from both WQMA and UFMA, this resolution deals with both.

The surcharge requested herein would allow LAWC to recover WQMA and UFMA balances, which total \$1,628 from July, 2003 through June 30, 2004. The Water Division recommends that LAWC be authorized to assess a one-time surcharge of \$3.50 per customer to recover the \$1,628 balance, which will be booked in WQMA and UFMA balancing accounts.

Service is satisfactory. LAWC is in compliance with all Commission orders.

NOTICE AND PROTESTS

Notice of the proposed rate increase was placed in a newspaper of general circulation on June 18, 2004. There were no protests concerning the proposed increase.

FINDINGS

1. Res. No. W-4327 authorizes all Class B, C, and D water utilities to establish WQMAs and UFMAs.
2. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings.
3. On June 18, 2004, LAWC filed Advice Letter No. 67 to increase rates to recover water testing and DHS fees.
4. The surcharge herein would allow LAWC to recover WQMA and UFMA balances, which total \$1,628 from July 1, 2003 through June 30, 2004.

5. It is proper for LAWC to assess a one-time surcharge of \$3.50 per customer to recover the WQMA and UFMA balances.
6. This is an uncontested matter subject to the public notice comment exclusion provided in the PU Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Lake Alpine Water Company is authorized, five days after the effective date herein, to make effective revised Schedules Nos. 1A, Annual Metered Service, and 2AR, Annual Residential Flat Rate Service, attached to Advice Letter No. 67, and to cancel the corresponding presently effective rate schedules.
2. Lake Alpine Water Company, Inc. is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 19, 2004; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners